

VIA: AIR  
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DISPATCH NO. MOB-A-8366

**SECRET**

CLASSIFICATION

TO : Chief, Foreign Division "M"      DATE: 12 March 1951  
FROM : Acting Chief of Station, Karlsruhe *U/KS*  
SUBJECT: GENERAL CAUTERY-5 *[initials]*      REDBIRD  
SPECIFIC: Operational Planning, Estimated Cost.  
Ref : MOB-A-8263; 8264.

1. The following legend has been devised to protect our operational advances: Identity-2 is purportedly interested in re-establishing the profitable business relationship which once existed between him and subject. The matter, according to Identity-2, has already been broached by him. Identity-2 is owner of a construction firm registered in West Berlin. A branch office located in the Soviet Sector of Berlin has not as yet been expropriated. Identity-2 has a legitimate interest in the restitution of the bridge construction machinery which was used by him in 1946. This machinery is stored in the Soviet Sector. No doubt CAUTERY-5 could render material assistance in bringing about this restitution.

2. Identity-2 has expressed an interest in being cut in on some of the construction projects that are being carried out under the auspices of CAUTERY-5's office. Subject at first denied that such a possibility existed in view of the fact that Identity-2 represents a West Berlin firm. In rebuttal, Identity-2 pointed out that he also represents a firm in the Soviet Sector. This is where the matter rested.

3. For the time being, expenses incurred in promoting subject's defection will be charged against CAUTERY allocations. We are committed to reimburse Identity-2 for his own expenses. A sizeable outlay may be involved in satisfying subject's desire for "little presents". We shall, however, keep close tabs on whether the money spent is in fact conducive to furthering our objective. An overall estimate of the cost of this project cannot at this very initial stage be offered. Should it turn out that subject in fact is considering defecting, we shall no doubt be called upon to make very far-reaching commitments both as regards subject's ultimate disposal and the capital we are prepared to invest. Subject, from all accounts, occupies a position of some importance and may have succeeded in salting away money earned on the side. His living standards are above the average. Consequently, the powerful stimulus of financial inducement will have to be applied on a fairly generous scale.

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